

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0921-01  
Bill No.: HB 891  
Subject: Taxation and Revenue - Income; Elections; Boards, Commissions, Committees, Councils  
Type: Original  
Date: April 20, 2011

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Bill Summary: Would provide an income tax exemption for amounts paid to election workers.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue Fund`</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

SOS officials also stated that the number of poll workers varies by election and the rates of pay are set by the counties and vary from county to county.

Officials from the **Office of Administration, Division of Budget and Planning (BAP)** assume the proposed legislation would not result in additional costs or savings to their organization.

BAP officials noted that this proposal would exempt income earned as a temporary election worker from taxation. Data supplied previously to BAP by the Secretary of State's Office suggests as many as 25,000 poll workers may be used in a major election, but BAP does not have data regarding their earned income, or how much of this income may have been reported as taxable. This proposal would reduce general and total state revenues by an unknown amount.

**Oversight** assumes this proposal would result in an unknown reduction in revenue for the General Revenue Fund. Oversight notes that this proposal would be effective for tax years beginning January 1, 2011 and that returns for those years would be filed beginning in January 2012 (FY 2012).

Officials from the **Department of Revenue (DOR)** assume this proposal would provide for an individual income tax deduction for income earned as a temporary election staff member. This additional deduction from Missouri adjusted gross income would have an unknown negative impact on Total State Revenue.

ASSUMPTION (continued)

DOR would need to make forms changes and DOR and ITSD-DOR would need to make programming changes to various tax systems.

Administrative impact

DOR officials assume Personal Tax would require two additional Temporary Tax Employees for key-entry, one additional FTE Revenue Processing Technician I (Range 10, Step L) per 19,000 manual entries, and one additional FTE Revenue Processing Technician I (Range 10, Step L) per 2,400 pieces of correspondence.

DOR officials provided an estimate of the cost to implement this proposal including two additional employees and the related benefits, equipment, and expense totaling \$90,808 for FY 2012, \$95,920 for FY 2013, and \$96,910 for FY 2014.

**Oversight** assumes the DOR estimate of expense and equipment cost for additional FTE could be overstated. If DOR is able to use existing equipment such as desks, file cabinets, chairs, etc., the estimate for equipment for fiscal year 2012 could be reduced by roughly \$5,000 per employee.

**Oversight** assumes the level of activity associated with this additional income tax exclusion would be nominal and could be absorbed with existing resources. If unanticipated costs are incurred or if multiple proposals are implemented which create an extra workload for DOR, resources could be requested through the budget process.

IT cost

DOR officials provided an estimate of the IT portion of cost to implement this proposal of \$13,356, based on 504 hours of programming to make changes to various DOR systems.

**Oversight** assumes ITSD-DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes ITSD-DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, ITSD-DOR could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
<b>GENERAL REVENUE FUND</b>			
<u>Revenue reduction - income tax exemption</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

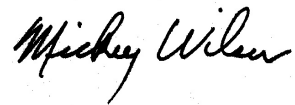
FISCAL DESCRIPTION

The proposed legislation would provide an income tax exemption for amounts paid to election workers.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State  
Office of Administration  
Division of Budget and Planning  
Department of Revenue

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, stylized 'M' and 'W'.

Mickey Wilson, CPA  
Director  
April 20, 2011